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10 Jan 63

MONOPARTE FOR: Mr. Philip E. Tresies Deputy Assistant Secretary Derven of Reconcede Affairs Department of State Vacabilization 25, D. C.

COLUMN :

Setlacks in Seriet Agriculture

25X1A

- sent you a report, Bacent fronds is 1. Lete last mosth Sowiet Economic Policy," which pointed up the growing competition for scarce resources between investment domands and those occasioned by the asceleration of the arms and space races. That report also indicated that Ebrushchev night find it necessary to divort odditional igractment funds to show up agriculture, where output was known to be lagging.
- 2. We have now amalyzed the information on 1962 rere output, and find that production last year was about equal to that of 1958. Over this same puried the population of the USER increased 7 percent (3.5 million persons per encus). While admittedly 1958 was a bamper crop year there has been no progress toward the grandiose and highly publicised agricultural goals of the Seven Year Plan. You will remember that is 1962 companier dispotisfaction in the Soviet Union over food supplies and prices not only use a significant cause of some general correct but in a few places was a factor which sparked civilian ricting. We believe that waless Thrushober takes strong measures, such as drawing down beavily on state reserves and curtailing exports, there may well be further instances of civil disorder in the coming menths, particularly in the Borth Duropean West.
- 3. The attached report, "Sothacks in Soviet Agriculture," focuses on the major production problems of 1962 - the serious shortfull in the output of potutoes and the generally poor aron riolds throughout the serthers European part of the country. When there difficulties are considered in the light of the generally unsettlefectory performance of other sectors of foriet agriculture in 1962, principally grain, and the persistently poor record of fare output since 1996, the permetive and cumulative nature of the problem becomes more apparent. Even the crop year of 1958 was a banner year only in terms of the Seviet scale of values and fell for short of resolving the basic deficiencies of agricultural production.



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4. The failure of agriculture to respend to the Losspendire publications of the past few years, such as the recompositation to give the herty present control and the plantag-up of failure land, ment by careful the Series Lunders to Forestellas that's inventment priorities. Mile all leaders do not store Borarbeary's apparent continuations for expressional development, the abortopes of 1963 will large and processes on the regime to give form output it bigger minutity.

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MARKENEDEN FOR: No. Holestres Dunds

Special Assistant to the President for

Mattern lecerity affairs

The Mate Bours Mashington 25, D. C.

TIMET:

Sethecks in Seviet Agriculture

- I. Late Lest month I rest you a report, Recent frends in Servert Removale Policy, which pointed up the growing competition for source removarces between investment demands and these permalaned by the acceleration of the arms and space roose. That report also indicated that Ehrunbedev might find it accessary to divert additional investment funds to shore up agriculture, where output was known to be larging.
- 2. We have now analyzed the information on 1962 form output, and first that production has your was about open to that of 1975. Over this same period the population of the BSR increased I percent (3.5 million persons per cause). While admittedly 1976 was a happer crop your there has been no programs toward the gradions and highly publicized agricultural goals of the Seven Year Floa. You will remember that in 1962 common directionate in the Seviet Onion over food amplies and prices not only was a significant cause of some general sevent but in a few places was a factor which specked civilian rioting. We believe that makens formebelow takes strong measures, such as drawing down heavily on state reserves and curtailing exports, there say well be further instances of civil disorder in the coming months, perticularly in the Borth European USER.
- 3. The attached report, "Solbacks in Soviet Agriculture," focuses to the major production problems of 1969 the serious shortfall in the cutput of pointees and the generally peer crop yields throughout the northern European part of the country. Then these difficulties are considered in the light of the generally ensatisfactory performance of other exchange of Soviet agriculture in 1962, principally grain, and the persistently poor record of form output class 1998, the provesive and cumulative actions of the problem becomes now apparent. Even the crop year of 1998 was a binner year only in terms of the Soviet scale of values and fell for short of resolving the basic deficiencies of agricultural production.

b. The failure of agriculture to respond to the inexpansive palliatives of the past for years, such as the reorganization to dive the Party greater sentral and the plowing-up of fallow land, must be cousing the Soviet lenders to re-exemine their investment priorities. While all leaders to not share formabler's apparent anthusiass for agricultural development, the chartages of 1963 will increase pressures on the regime to give fure output a higher priority.

Deputy Director (Intelligence)

Enclosure - Cy #113

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